

ASX ANNOUNCEMENT

DALTONS JV- MT WEBBER DEPOSIT

SCOPING STUDY OUTCOMES

- **Findings from independent Scoping Study on development options for Mt Webber DSO iron ore deposit at the Daltons JV delivered by consultants ProMet Engineers;**
 - **Base Case of 2Mtpa fully owner-operated mining and road haulage to Port Hedland**
 - **NPV(10%) of A\$170 million, IRR of 53.9%**
 - **Operating costs A\$42.12/ tonne, (A\$47.80/ tonne for lease/contract alternative)**
 - **Capital Costs A\$115 million, (A\$49.5 million for lease/contract alternative)**
 - **Dry, low alumina ore, >50% lump, waste to ore ratio 0.03:1**
- **ProMet recommend proceeding directly to a Definitive Feasibility Study, targeting production by 2nd quarter 2011.**

The Directors of Giralia Resources NL (“Giralia”) are pleased to report the findings of an independent Scoping Study on development options for the Mt Webber iron ore deposit, part of the Company’s Daltons Joint Venture (Giralia 75% interest, Haoma Mining NL (“Haoma”) 25% interest), located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia.

The Daltons JV’s Mt Webber deposit has an Inferred Mineral Resource reported on 14 September 2009 of **40 million tonnes @ 57.3% Fe**, including **33.8 million tonnes @ 57.9% Fe, 1.44% Al₂O₃ (63.06% CaFe)** in the Main Southern Zone. The Daltons JV tenements at Mt Webber directly adjoin Atlas Iron Limited’s Mt Webber prospect, which has a reported resource of 43.7 million tonnes @ 57.4% Fe.

The Daltons JV commissioned ProMet Engineers Pty Ltd (“ProMet”) to prepare a Scoping Study for its Mt Webber Iron Ore Project, targeting the production of direct shipping iron ore (“DSO”) at 2 million tonnes per year by open pit mining. A number of mining, processing and transport options were considered.

Mining, processing and trucking options were:

- Owner owns and operates the plant and equipment (Base Case).
- Owner owns and operates the processing plant and infrastructure, and leases the mining fleet and contracts out the transport to port to a contractor who purchases and operates his own trucking fleet (Alternative 1).
- Build, own and operate by the contractor.

Logistic options reviewed were:

- Road haul to Port Hedland, sales FOB ship
- Road haul to rail loop at 3rd party rail, sales FOB rail wagon
- Road haul to rail loop at 3rd party rail, sales FOB ship.

The proposed Base Case operation would consist of:

- ❑ mining by conventional truck and shovel methods;
- ❑ mobile crushing and screening plant;
- ❑ mine product stockpiles;
- ❑ fleet of side tipping truck/trailers, ~115 t net payloads; and
- ❑ use of port facilities at Pt Hedland.

The Base Case yields a NPV (10%) of A\$170 million and an IRR of 53.9% with 30% equity and 70% debt funding.

The estimated capital and operating costs for an owner owned and operated plant and equipment (Base Case) and leasing of mining fleet and contract Trucking (Alternative 1) with an accuracy of ±25% are:

<u>Case</u>	<u>Description</u>	<u>CAPEX</u>	<u>Contingency included</u>	<u>#OPEX \$/t</u>
Base Case	Owner Owned and Operated	\$115M	\$19.3M	\$42.12
Alternative 1	Lease and Contract Trucking	\$ 49.5M	\$ 7M	\$47.80

Note: # Excluding Royalties

Almost half (47%) of the total operating costs (OPEX) are related to road haulage, and operating costs would be significantly lower if access can be negotiated to 3rd party rail infrastructure.

ProMet consider that the project has attractive returns and is viable under a number of different development scenarios from fully owner owned and operated (Base Case) to various combinations of leasing and contracting out. The implementation schedule for the Project indicates that it may be possible to achieve a first shipment of ore by the 2nd quarter of 2011. ProMet has recommended that the Daltons JV proceed directly with further drilling, testwork and environmental studies as part of a Definitive Feasibility Study to confirm these results.

R M Joyce
DIRECTOR

17 December 2009

The information in the report that relates to the Scoping Study has been approved for release by ProMet Engineers.

The information in the report that relates to in-situ Mineral Resources is based on information compiled by Mr Chris Allen of CSA Global. Mr Chris Allen takes overall responsibility for the reported Mineral resource. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Mr Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of the Company. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

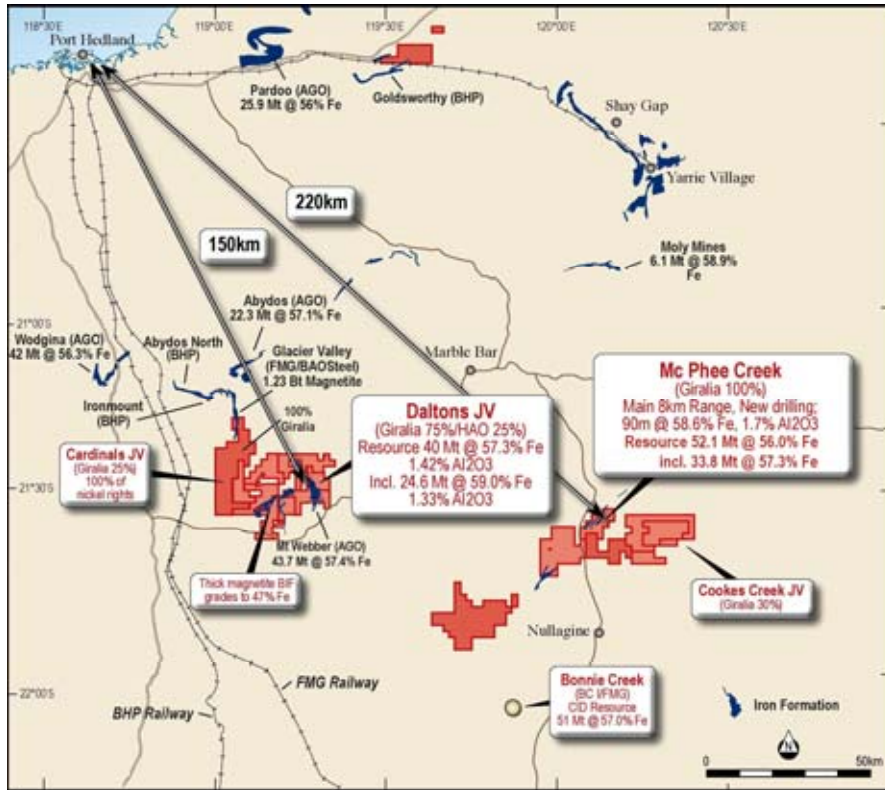


Fig 1: Location plan Daltons JV tenements

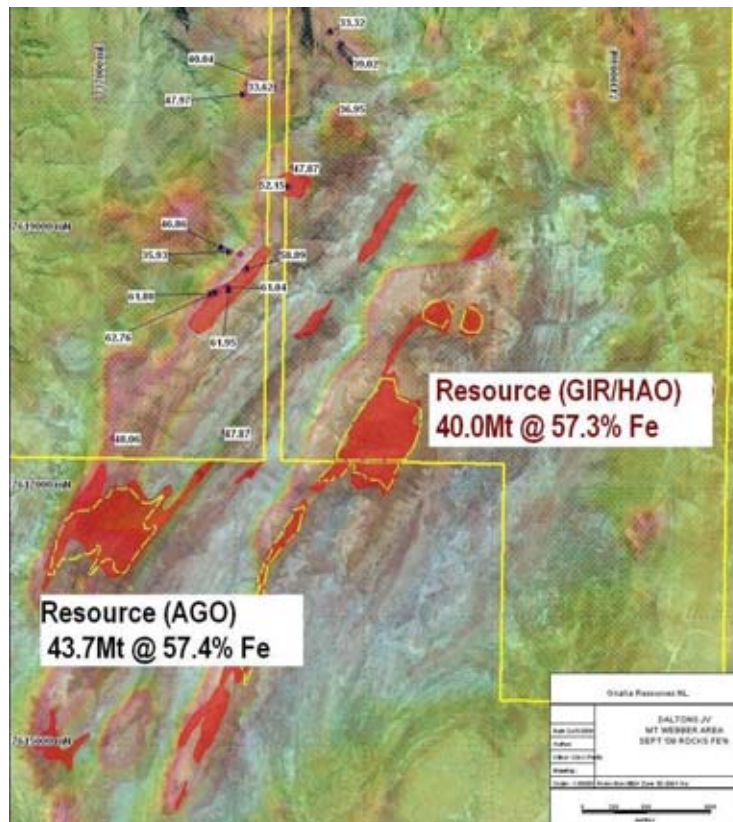


Fig 2: Daltons JV Mt Webber iron ore prospect. JV tenements in Yellow

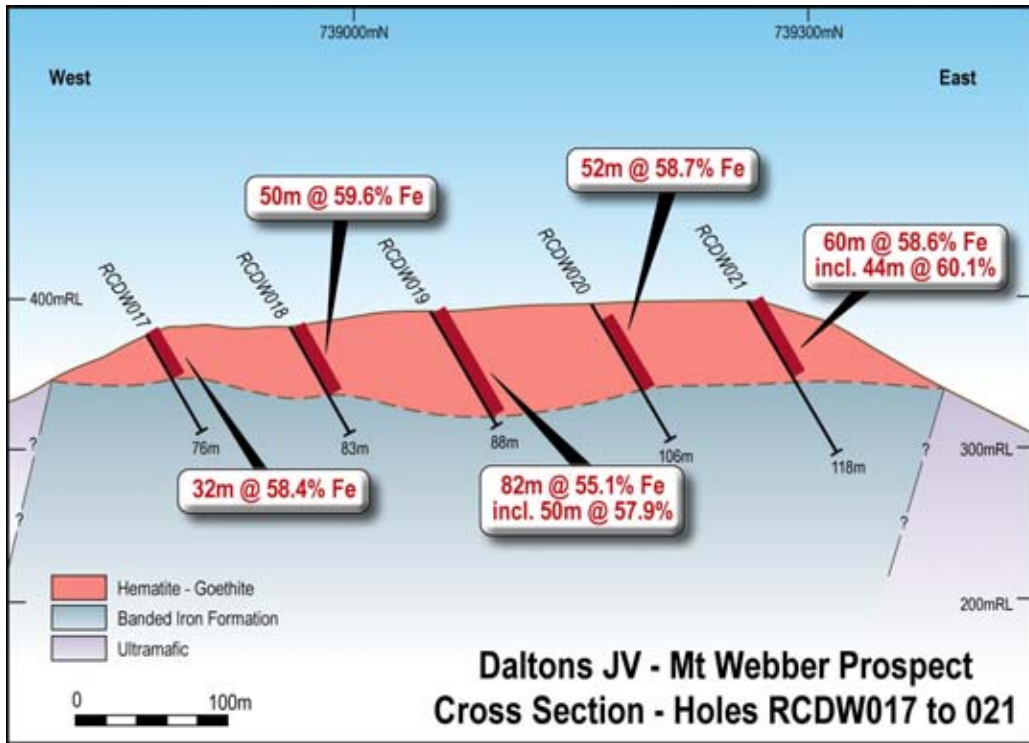


Fig 3: Mt Webber Cross Section



Fig 4; Photo of Mt Webber looking south showing GIR/HAO drilling in foreground

About Giralia Resources NL

Giralia Resources NL ("ASX: GIR") is a well funded (~\$65 million cash) mineral exploration company based in Perth, Western Australia. Giralia's iron ore projects in Western Australia are the Company's major exploration and development focus:

Beebyn (100%) – Hematite (MidWest) – Adjoins Sinosteel Weld Range deposits. Initial Inferred Mineral Resource **7.2 million tonnes @ 57.2% Fe**. Major upside at nearby Beebynganna Hills project, where 7 new zones of hematite have been discovered.

Western Creek (100%) – Hematite (15 km W of Newman) – Marra Mamba iron ore as direct extensions to BHP Silver Knight deposit. Inferred Mineral Resource **52.4 million tonnes @ 56.7% Fe**. Deposit is near surface, with several zones open ended.

Earaheedy (100%) – Hematite (200 km S of Newman) – 23 known hills with rock sample grades over 57% Fe, within 130 kilometres of iron formations on Giralia tenements, with shallow dips indicating large tonnage potential. Drilling; 20 metres @ 55.7% Fe, 8 metres @ 58.7% Fe, and 12 metres @ 57.3%Fe from 8 hills tested to date.

Anthiby Well (100%*) -CID (Pilbara) – Channel iron deposit (CID) mesas, drill intersections include 32 metres @ 55.1%Fe including 24 metres @ 56.0%, 22 metres @ 56.3%Fe, and 18 metres @ 56.2%Fe. Initial Inferred Mineral Resource **63.5 million tonnes @ 50.5% Fe, including 37.6 million tonnes @ 53.6% Fe (59.1%CaFe)**. * subject to production royalty

McPhee Creek (100%) – Hematite (Pilbara) – New hematite discovery 220km south east of Port Hedland. Drill intersections include 90 metres @ 58.6 % Fe, 46 metres @ 60.2% Fe. Initial Inferred Mineral Resource **52.1 million tonnes @ 56.0% Fe (61.7%CaFe)**. Small CID mesa nearby **5.17 million tonnes @ 53.6% Fe (60.4%CaFe)**.

Daltons (75%) - Hematite (Pilbara) – newly discovered zone of massive hematite outcrop, only 150 km south of Port Hedland, and 40km from FMG, BHP rail lines. Drilling **70m @ 58.4% Fe from surface, including 54m @ 60.9% Fe, 1.5%Al₂O₃**. Initial Inferred Mineral Resource **40.0 million tonnes @ 57.3% Fe (62.3%CaFe)**.

Yerecoin – Magnetite (150 km from Perth) – 1 km to railway. Initial drilling March 2009; **72 metres @ 32.4%Fe, 52.4 metres @ 31.6 %Fe**. Coarse magnetite; excellent DTR testwork. Scoping Study in progress. Exploration Target 200-250million tonnes @ 30 to 35%Fe.

The Company also has significant other commodity interests, including the Lake Frome Joint Venture around the operating Beverley uranium mine in South Australia, and the 100% owned 170,000 ounce Snake Well gold project in Western Australia.

In addition to its strong cash balance, Giralia also holds significant stakes in several ASX listed companies (shown below), which are held largely as a result of the spin-off of independently managed and funded companies over the last 3 years. Giralia shareholders have benefited through priority IPO entitlements and in specie distributions, and ongoing exposure to upside from exploration success.

Company	ASX Code	Key Commodity	Giralia Stake
PacMag Metals Limited	PMH	copper	~10.4%
U3O8 Limited	UTO	uranium	~15%
Zinc Co Australia Limited	ZNC	zinc	~12%
Carpentaria Exploration Limited	CAP	NSW, Qld copper-gold	~10.4%
Hazelwood Resources Ltd	HAZ	nickel, tungsten	~3.3%